



# Sales Tax Information for Lodging Providers

## Utah State Tax Commission

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## Introduction

This publication provides tax information relating to lodging providers. General sales and use tax information is available in Publication 25.

Tax Commission publications are reference tools. They are not all-inclusive and should not be used as legal references.

Tax laws may change due to legislative action. Changes to law will supersede any information in this publication.

- Utah Code §59-23-603 allows a county of the first class to impose a tourism tax on temporary lodging of up to ½ percent.

Current tax rates are available on the Tax Commission's website at [tax.utah.gov/sales/rates.html](http://tax.utah.gov/sales/rates.html).

All transient room taxes are reported and paid directly to the Tax Commission on form TC-62T, Transient Room Tax Return. The return is due and payable at the time the business owner's sales and use tax return is due.

County and local governments have the option of collecting the transient room taxes themselves. Refer to [tax.utah.gov/sales/rates.html](http://tax.utah.gov/sales/rates.html) for localities that self-collect.

## Definition of Transient Room

Transient room or temporary lodging is the rent or occupancy of a suite or room regularly rented for less than 30 consecutive days and includes the accommodations and services offered by hotels, motels, inns, tourist homes, trailer courts, campgrounds and other similar public accommodations.

Rooms or a suite not used for lodging, such as convention halls or meeting rooms, are not subject to transient room tax.

Lodging accommodations of 30 consecutive days or longer are exempt from sales or sales-related taxes.

## Operations of Lodging Accommodators

### What is Taxable?

- Purchases of linens, soap, tissues, shampoos, and other furnishings provided to guests are subject to sales and use tax. Hotels, motels, and other similar facilities are considered to be the final consumers of these items.
- Sales or rentals of tangible personal property, such as sales made from a gift shop, are subject to sales tax.
- The following table outlines common fees associated with lodging accommodations. Whereas most of the fees are subject to sales and use tax, not all are subject to transient room taxes.

## Application of Transient Room Tax

In addition to sales and use tax, lodging is subject to the following transient room taxes:

- Utah Code §59-12-301 allows counties to impose a tax on temporary lodging of up to 4.25 percent;
- Utah Code §59-12-352 allows cities and towns to impose tax on temporary lodging of up to 1 percent;
- Utah Code §59-12-353 allows cities and towns that meet specific qualification requirements to impose an additional transient room tax of up to ½ percent on temporary lodging; and

Fees	Sales & Use Tax	Transient Room Tax
Additional Bed	Taxable	Taxable
Admission to Exercise Facilities	Taxable	Not Taxable
Dry Cleaning	Taxable	Not Taxable
No Show	Taxable	Taxable
Pet Fees	Taxable	Taxable
Prepaid Calling Cards	Taxable	Not Taxable
Room Charges	Taxable	Taxable
Meeting Rooms	Not Taxable	Not Taxable
Safety Deposit Box Rentals	See A. below	Not Taxable
Markup of Telephone Charges by Lodging Accommodators	Taxable (see B. below)	Not Taxable
Vending Machine Sales	Taxable	Not Taxable
Video/Movie Charges	Taxable (see C. below)	Not Taxable

- A. Charges for a safety deposit box are subject to sales and resort communities taxes if the boxes are tangible personal property. If the boxes are real property the rental is not subject to sales or resort communities taxes. Refer to Pub 42 for definitions.
- B. Telephone service providers collect the tax for local and instate long distance calls. However, any markup of these calls by lodging accommodators is subject to sales tax. Long distance interstate calls are not subject to sales tax.
- C. Charges for in-room movies or pay-for-view videos or games are subject to sales tax regardless of the manner in which the movie or video game is delivered to the guest's room.

## What is Exempt?

1. **Government:** Sales to Utah and federal governmental agencies are exempt from all taxes relating to lodging accommodations when certain criteria are met. The sales tax exemption does NOT apply to purchases by a state other than Utah or to purchases by any local government entity located outside of Utah.

In order for lodging to qualify as exempt, the funds must be paid directly by the government agency. Evidence of exemption includes purchase orders, invoices, or checks issued by Utah or federal government agencies.

- A. U.S. Government issued VISA and MasterCard credit cards are exempt from all taxes relating to lodging accommodations if the government makes direct payment to the credit card companies. Purchases are not exempt when made with credit cards that are:
  - i. under the control of the employee,
  - ii. billed to the employee, and
  - iii. the sole responsibility of the employee (the government is not responsible if the card holder fails to pay).

U.S. Department of the Interior (DOI) bureaus that centrally bill travel expenses include: Bureau of Indian Affairs, Bureau of Reclamation, U.S. Geological Survey, Minerals Management Service, Office of Special Trust, Office of Surface Mining, Office of the Secretary and National Business Center.

If employees of these DOI bureaus incur travel expenses in Utah, the transactions may be exempt from sales tax. To qualify as tax exempt, the employee must use the DOI MasterCard issued by Bank of America with beginning numbers of 5568 16. In addition, the DOI credit card is embossed with the employee's name, U.S. Department of the Interior, and the DOI tax exempt ID number.

For more information on federal government credit cards, refer to Federation of Tax Administrators FTA Bulletin B-0702, which can be found at [www.taxadmin.org/fta/rate/b-0702.pdf](http://www.taxadmin.org/fta/rate/b-0702.pdf).

- B. Utah state and its political subdivisions are exempt from all taxes relating to lodging accommodations if the government makes direct payment to the credit card companies. Cards with the word "Purchasing" stamped across the middle are direct payment credit cards and qualify for the exemption.

Purchases are not exempt when made with credit cards that are:

- i. under the control of the employee,
- ii. billed to the employee, and
- iii. the sole responsibility of the employee (the government is not responsible if the card holder fails to pay).

2. **Religious and Charitable Institutions:** Qualifying religious and charitable institutions must have an exemption number issued by the Tax Commission. Tax is paid at the time of purchase on all amounts under \$1,000, unless the institution has an exemption certificate and written contract on file with the lodging accommodator. If the sale is \$1,000 or more, the institution may use an exemption certificate to purchase lodging without paying tax. Otherwise, all sales are taxable and the institution is required to request a refund of the tax from the Tax Commission.
3. **Monthly Rentals:** Accommodation charges for stays of 30 days or longer are exempt from sales and use tax and all sales-related taxes.
4. **Trades or Bartering:** A trade involving lodging accommodations does not create an exempt trade as allowed in Utah Code because lodging is not tangible personal property. Rooms provided to special guests on a complimentary basis are not taxable because there is no charge.
5. **Miscellaneous Fees Exempt from Sales and Transient Room Taxes**
  - Fax services
  - Late payment fees
  - Lock-out or lost key fees
  - No payment charge
  - Returned check charge
  - Parking fees

## Admission Charges

Admission and user fees charged for any amusement, entertainment, recreation, exhibition, cultural, or athletic activity are subject to Utah sales tax.

Taxable activities include, but are not limited to, admission and user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing and wrestling matches, closed-circuit television broadcasts, billiard or pool parlors, bowling lanes, golf and miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, and horseback rides.

## Exceptions

The law states the phrase *admission and user fees* includes season passes, but does not include annual membership dues paid to a private organization.

Tax Commission Rule R865-19S-33 clarifies that fees beyond the annual membership dues paid to a private organization, such as a country club for use of the golf course, pool, or any other related activity, are considered admission and user fees and are taxable. The rule defines the phrase, “annual membership dues paid to a private organization,” to include only membership dues paid to an organization whose members, directly or indirectly, establish the level of the membership dues.

The rule provides that amounts paid for the following activities are not admission or user fees:

- lessons, public or private;
- sign-ups for participation in amateur athletics if the activity is sponsored by a state governmental entity, or a nonprofit corporation or organization, if the nonprofit corporation or organization’s primary purpose, as stated in its articles or bylaws, is the sponsoring, promoting, and encouraging of amateur athletics;
- sign-ups for participation in school activities. Sign-up for participation in school activities excludes attendance as a spectator at school activities.

Please note, however, fees for the above activities must be separately stated on an invoice in order to remain untaxed. If, for example, fees for a golf lesson are included with fees for use of the golf course, the entire amount is subject to sales tax.

## Resort Packages

- If a third party reserves rooms for its clients, all sales tax and transient room taxes are due on the rental. If rooms are discounted for the third party but not for the clients, as is often done for large groups, the taxes due are calculated on the discounted price.
- If a hotel or a third party agent arranges for ski lift passes, the ski resort must remit taxes on the sales of the lift passes. The hotel or other party is considered the agent of the ski resort. Transient room tax does not apply to lift passes. Similar treatment shall be applied to other activities where the hotel or third party arranges for the guest to obtain taxable goods, services, or admissions.

## Tours

The following guidelines apply to jeep, snowmobile, outfitters and other vendors providing similar services:

- If payment for the service occurs in Utah and some of the service occurs in Utah, the service provider is required to collect Utah sales tax on the entire amount of the transaction.
- If payment for the service occurs outside Utah and the entire service occurs in Utah, the service provider is required to collect Utah sales tax on the entire amount of the transaction.
- If payment for the service occurs outside Utah and some of the service (other than booking or ticketing) occurs outside Utah, the service provider is not required to collect Utah sales tax on the transaction.

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Sales tax publications provide general guidance only. They do not contain all sales or use tax laws or rules. If you need additional information, call (801) 297-7705 or 1-800-662-4335, ext. 7705 (outside the Salt Lake area), or email [taxmaster@utah.gov](mailto:taxmaster@utah.gov).